

# **Transportation Revenue Estimates FY 2004 & FY 2005**



**Michigan Department of Treasury  
Michigan Department of Transportation  
Michigan Department of Management and Budget  
January 2004**

## **Transportation Revenue Estimates January 2004**

### **FY 2003 Update**

- Michigan Transportation Fund collections are estimated to be \$15.8 million lower than forecast in May 2003. The decline is mostly due to the motor vehicle registration tax. Decreases in gasoline tax collections were offset by increased revenue in the diesel fuel tax.
- Interest earnings for FY 2003 were near forecasted levels from May 2003.
- CTF sales tax increased slightly to \$79.4 million, up from \$78.8 million in FY 2002.

### **FY 2004 and FY 2005 Revenue Estimates**

- Total FY 2004 Michigan transportation revenues less transfers are expected to be \$19.6 million higher than forecasted in May 2003, partly due to the one-time registration fee increases for trailers (PA 152 of 2003).
- Gasoline tax collections are projected to be \$13.5 million lower in FY 2004 than the May 2003 forecast. Vehicle registration taxes are forecasted to be \$23.0 million lower in FY 2004 than the May 2003 forecast. Diesel and motor carrier fuel tax collections are expected to increase \$6.2 million from the May 2003 forecast.
- The FY 2004 CTF sales tax transfer is forecasted to be \$1.3 million higher than the May 2003 forecast.
- FY 2005 revenues are forecasted to increase at moderate levels. Gasoline tax revenues are forecasted to grow 2.3 percent while diesel and motor carrier fuel taxes will grow 2.5 percent. Baseline motor vehicle registration taxes are forecasted to grow 3.5 percent.
- Interest earnings are expected to grow in FY 2005 as interest rates increase and fund balances remain at constant levels.

**Table 1**  
**Transportation Revenue Estimates**  
**FY 2002-2003**  
**(thousands of dollars)**

	<u>CAFR FY 2002</u>	<u>5/5/03 ORTA Forecast FY 2003</u>	<u>1/14/04 ORTA Forecast FY 2003</u>	<u>FY 2003 Forecast Difference</u>	<u>Percent Difference from 5/03 to 1/04</u>
Aeronautics Fund	\$24,929	\$57,456	\$27,092	(\$30,363)	-52.8%
State Trunkline Fund	\$82,002	\$76,838	\$84,935	\$8,097	10.5%
Bluewater Bridge Fund	\$11,478	\$12,460	\$12,254	(\$206)	-1.7%
Michigan Transportation Fund	\$1,972,895	\$2,014,211	\$1,998,459	(\$15,752)	-0.8%
Comprehensive Transportation Fund	<u>\$81,137</u>	<u>\$76,223</u>	<u>\$84,025</u>	<u>\$7,802</u>	<u>10.2%</u>
Total	\$2,172,441	\$2,237,188	\$2,206,765	(\$30,422)	-1.4%

	<u>CAFR FY 2002</u>	<u>5/5/03 FY 2003 Growth Rate</u>	<u>1/14/04 FY 2003 Growth Rate</u>	<u>Percentage Point Difference</u>
Aeronautics Fund	43.2%	130.5%	8.7%	-121.8%
State Trunkline Fund	4.0%	-6.3%	3.6%	9.9%
Bluewater Bridge Fund	-24.4%	8.6%	6.8%	-1.8%
Michigan Transportation Fund	1.1%	2.1%	1.3%	-0.8%
Comprehensive Transportation Fund	<u>6.5%</u>	<u>-6.1%</u>	<u>3.6%</u>	<u>9.6%</u>
Total	1.6%	3.0%	1.6%	-1.4%

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**Table 2**  
**Transportation Revenue Estimates**  
**FY 2003-2004**  
**(thousands of dollars)**

	<b><u>1/14/04 ORTA Forecast FY 2003</u></b>	<b><u>5/5/03 ORTA Forecast FY 2004</u></b>	<b><u>1/14/04 ORTA Forecast FY 2004</u></b>	<b><u>FY 2004 Forecast Difference</u></b>	<b><u>Percent Difference</u></b>
Aeronautics Fund	\$27,092	\$57,847	\$58,076	\$229	0.4%
State Trunkline Fund	\$84,935	\$78,509	\$77,499	(\$1,010)	-1.3%
Bluewater Bridge Fund	\$12,254	\$13,075	\$13,006	(\$69)	-0.5%
Michigan Transportation Fund	\$1,998,459	\$2,073,560	\$2,097,370	\$23,810	1.1%
Comprehensive Transportation Fund	<u>\$84,025</u>	<u>\$72,910</u>	<u>\$69,603</u>	<u>(\$3,307)</u>	<u>-4.5%</u>
Total	\$2,206,765	\$2,295,901	\$2,315,554	\$19,653	0.9%

	<b><u>5/5/03 FY 2004 Growth Rate</u></b>	<b><u>1/14/04 FY 2004 Growth Rate</u></b>	<b><u>Percentage Point Difference</u></b>
Aeronautics Fund	0.7%	114.4%	113.7%
State Trunkline Fund	2.2%	-8.8%	-10.9%
Bluewater Bridge Fund	4.9%	6.1%	1.2%
Michigan Transportation Fund	2.9%	4.9%	2.0%
Comprehensive Transportation Fund	<u>-4.3%</u>	<u>-17.2%</u>	<u>-12.8%</u>
Total	2.6%	4.9%	2.3%

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**Table 3**  
**Transportation Revenue Estimates**  
**FY 2004-2005**  
(thousands of dollars)

	<b><u>CAFR</u></b> <b><u>FY 2002</u></b>	<b><u>1/14/04</u></b> <b><u>ORTA</u></b> <b><u>Forecast</u></b> <b><u>FY 2003</u></b>	<b><u>1/14/04</u></b> <b><u>ORTA</u></b> <b><u>Forecast</u></b> <b><u>FY 2004</u></b>	<b><u>1/14/04</u></b> <b><u>FY 2004</u></b> <b><u>Growth</u></b> <b><u>Rate</u></b>	<b><u>1/14/04</u></b> <b><u>ORTA</u></b> <b><u>Forecast</u></b> <b><u>FY 2005</u></b>	<b><u>1/14/04</u></b> <b><u>FY 2004</u></b> <b><u>Growth</u></b> <b><u>Rate</u></b>
Aeronautics Fund	\$24,929	\$27,092	\$58,076	114.4%	\$58,366	0.5%
State Trunkline Fund	\$82,002	\$84,935	\$77,499	-8.8%	\$79,396	2.4%
Bluewater Bridge Fund	\$11,478	\$12,254	\$13,006	6.1%	\$13,383	2.9%
Michigan Transportation Fund	\$1,972,895	\$1,998,459	\$2,097,370	4.9%	\$2,037,785	-2.8%
Comprehensive Transportation Fund	<u>\$81,137</u>	<u>\$84,025</u>	<u>\$69,603</u>	<u>-17.2%</u>	<u>\$70,575</u>	<u>1.4%</u>
Total	\$2,172,441	\$2,206,765	\$2,315,554	4.9%	\$2,259,504	-2.4%

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**Table 4**  
**Transportation Revenue Updated Estimates**  
**FY 2003, FY 2004 and FY 2005**  
**(thousands)**

	MAIN Object Code	CAFR FY 2002 (A)	5/5/03 ORTA Forecast FY 2003 (B)	CAFR FY 2003 (C)	1/14/04 ORTA Forecast FY 2003 (D)	Change from May 2003 FY 2003 Forecast (E) / (A)	Growth FY 2003 (F) / (E)	5/5/03 ORTA Forecast FY 2004 (G)	Growth FY 2004 (H) / (G)	1/14/04 ORTA Forecast FY 2004 (I)	Change in FY 2004 Forecast (J) - (D)	Growth FY 2004 (K) / (J)	1/14/04 ORTA Forecast FY 2005 (L)	Growth FY 2005 (M) / (L)
<b>AERONAUTICS FUND (114)</b>														
Aviation Fuel Tax	1005	6,699	7,000	7,402	7,402	402	10.5%	7,200	2.9%	7,600	400	2.7%	7,800	2.6%
Interest Earned	1901, 1924, 1925	508	370	300	300	(70)	-41.0%	500	35.2%	360	(140)	20.1%	450	25.0%
Local Agencies	1301,1305,1320,1325,1330	16,351	43,000	12,272	12,272	(30,728)	-24.9%	43,050	0.1%	43,019	(31)	250.6%	43,018	0.0%
Services	1530	838	700	564	564	(136)	-32.7%	726	3.7%	726	-	28.8%	740	1.9%
Licenses & Permits	1612, 1630, 1640	286	300	293	293	(7)	2.5%	285	-4.8%	285	-	-2.5%	285	0.0%
Miscellaneous	1520, 1720, 1795, 1810	248	86	263	263	177	5.8%	86	-0.1%	86	-	-67.3%	73	-15.0%
Airport Parking Tax Transfer	2005		6,000	6,000	6,000	-	NA	6,000	0.0%	6,000	-	0.0%	6,000	0.0%
<b>SUBTOTAL AERONAUTICS</b>		<b>24,929</b>	<b>57,456</b>	<b>27,092</b>	<b>27,092</b>	<b>(30,363)</b>	<b>8.7%</b>	<b>57,847</b>	<b>0.7%</b>	<b>58,076</b>	<b>229</b>	<b>114.4%</b>	<b>58,366</b>	<b>0.5%</b>
<b>STATE TRUNKLINE FUND (116)</b>														
Local Agencies	1301,1305,1320,1325,1330	31,514	34,473	28,589	28,589	(5,884)	-9.3%	33,447	-3.0%	33,447	-	17.0%	33,397	-0.1%
Licenses & Permits	1630, 1640	15,794	19,540	17,990	17,990	(1,550)	13.9%	19,180	-1.8%	19,180	-	6.6%	19,090	-0.5%
Miscellaneous	various	26,643	17,100	31,222	31,222	14,122	17.2%	17,132	0.2%	17,132	-	-45.1%	17,234	0.6%
Interest, Common Cash & Misc Revenue	1901, 1924, 1925	8,050	5,725	7,133	7,133	1,408	-11.4%	8,750	52.8%	7,740	(1,010)	8.5%	9,675	25.0%
<b>SUBTOTAL TRUNKLINE FUND</b>		<b>82,002</b>	<b>76,838</b>	<b>84,935</b>	<b>84,935</b>	<b>8,097</b>	<b>3.6%</b>	<b>78,509</b>	<b>2.2%</b>	<b>77,499</b>	<b>(1,010)</b>	<b>-8.8%</b>	<b>79,396</b>	<b>2.4%</b>
<b>BLUEWATER BRIDGE FUND (118)</b>														
Tolls and Rentals	1795	11,136	12,200	12,007	12,007	(193)	7.8%	12,700	4.1%	12,700	-	5.8%	13,000	2.4%
Miscellaneous	various	0	NA	4	4	NA	NA	NA	NA	NA	NA	NA	NA	NA
Interest, Common Cash	1901	342	260	243	243	(17)	-29.0%	375	44.4%	306	(69)	26.1%	383	25.0%
<b>SUBTOTAL BLUEWATER BRIDGE FUND</b>		<b>11,478</b>	<b>12,460</b>	<b>12,254</b>	<b>12,254</b>	<b>(206)</b>	<b>6.8%</b>	<b>13,075</b>	<b>4.9%</b>	<b>13,006</b>	<b>(69)</b>	<b>6.1%</b>	<b>13,383</b>	<b>2.9%</b>
<b>MICHIGAN TRANSPORTATION FUND (119)</b>														
Vehicle Registration Taxes	1080	827,347	857,000	844,695	844,695	(12,305)	2.1%	890,500	3.9%	867,500	(23,000)	2.7%	898,200	3.5%
Public Act 152 of 2003 (Trailer Fee Changes)			0		0			0		103,000			(15,000)	
Fund Shift to TACF										(51,400)			(51,400)	
Light Vehicle Sales (millions)			16.1		16.5	0		16.6		16.5	(0)	0.0%	16.5	0.0%
Gasoline	1045	938,912	947,000	935,672	935,672	(11,328)	-0.3%	963,500	1.7%	950,000	(13,500)	1.5%	972,000	2.3%
Diesel and MCFT	1035, 1038	142,966	147,400	156,924	156,924	9,524	9.8%	154,400	4.7%	160,600	6,200	2.3%	164,600	2.5%
Diesel Fuel Licenses and Permits	1612, 1641	11	10	29	29	19	161.4%	10	0.0%	10	-	-65.5%	10	0.0%
Liquefied Petroleum	1042	891	900	561	561	(339)	-37.1%	900	0.0%	800	(100)	42.7%	800	0.0%
Other Licenses and Permits & Misc	1635, 1640, 1795, 2015	58,271	58,000	56,891	56,891	(1,109)	-2.4%	58,500	0.9%	58,000	(500)	1.9%	58,500	0.9%
Public Act 152 of 2003 (Permit & Fee Changes)								4,000		4,000			4,000	
Interest, Common Cash	1901	4,496	3,901	3,688	3,688	(214)	-18.0%	5,750	47.4%	4,860	(890)	31.8%	6,075	25.0%
<b>SUBTOTAL MTF REVENUE</b>		<b>1,972,895</b>	<b>2,014,211</b>	<b>1,998,459</b>	<b>1,998,459</b>	<b>(15,752)</b>	<b>1.3%</b>	<b>2,073,560</b>	<b>2.9%</b>	<b>2,097,370</b>	<b>23,810</b>	<b>4.9%</b>	<b>2,037,785</b>	<b>-2.8%</b>
<b>COMPREHENSIVE TRANSPORTATION FUND (120)</b>														
Sales Tax	1160	78,819	76,500	79,440	79,440	2,940	0.8%	77,500	1.3%	78,800	1,300	-0.8%	80,000	1.5%
CTF Reduction			(4,020)				NA	(6,583)	63.8%	(11,015)	(4,432)	NA	(11,183)	1.5%
Interest	1901	727	368	327	327	(41)	-55.1%	625	70.0%	450	(175)	37.8%	563	25.0%
Licenses & Permits	1630	294	275	264	264	(11)	-10.2%	270	-1.8%	270	-	2.3%	270	0.0%
Miscellaneous	1520, 1720, 1795	1,254	2,600	3,964	3,964	1,364	216.0%	598	-77.0%	598	-	-84.9%	750	25.4%
Local Agencies	1330	43	500	30	30	(470)	-28.9%	500	0.0%	500	-	1544.7%	175	-65.0%
<b>SUBTOTAL CTF</b>		<b>81,137</b>	<b>76,223</b>	<b>84,025</b>	<b>84,025</b>	<b>7,802</b>	<b>3.6%</b>	<b>72,910</b>	<b>-4.3%</b>	<b>69,603</b>	<b>(3,307)</b>	<b>-17.2%</b>	<b>70,575</b>	<b>1.4%</b>
<b>TRANSPORTATION REVENUE LESS FEDERAL AID</b>		<b>2,172,441</b>	<b>2,237,188</b>	<b>2,206,765</b>	<b>2,206,765</b>	<b>(30,422)</b>	<b>1.6%</b>	<b>2,295,901</b>	<b>2.6%</b>	<b>2,315,554</b>	<b>19,653</b>	<b>4.9%</b>	<b>2,259,504</b>	<b>-2.4%</b>

## **Transportation Forecast Risks**

### **January 2004**

- Conflicts in the Middle East region may adversely affect oil supply. Oil supply changes may be also be affected by production quotas set by OPEC.
- Michigan employment growth could remain flat or decline.
- Michigan wage and salary growth may not rebound as expected if the state economy continues to stagnate.